

477-000-034 – Resource Spend Down

A client may reduce resources to the allowable limit and establish a medical effective date earlier than the month in which the resources are reduced if the excess resources are paid on outstanding medical bills incurred no earlier than the third month prior to the month of request. If the client reduces resources on outstanding medical bills, the medical effective date would be the first day of the month, retroactive or prospective, in which the last medical bill was paid which reduced the resources to the allowable limit.

Examples:

Excess Resources in Month of Application

Outstanding Medical Bills	Application	Resources Reduced
Jan 1-10, Feb 2, 5, 12, 25, Mar 1-31	March (excess resources)	April (below limit)

If medical bills for Jan 1-10 and Feb 2 and 5 were used to reduce resources, medical eligibility would begin Feb 1 even though the bills were not actually paid until April.

If resources were reduced in April on something other than the outstanding medical bills, e.g., purchase of a burial fund, medical eligibility would begin April 1.

Below Resource Limit in Month of Application

Outstanding Medical Bills	Application
Jan 3-15, 25, (excess resources)(\$500)	Feb 10, 18, 22, March 5, 8 April (below limit)

The client is eligible April 1 without a spenddown; however, if s/he wants medical eligibility established retroactively a resource spenddown must be done. Verify the resources in the oldest month in which there are outstanding medical bills, but no earlier than the third month prior to the month of request. In this situation the client has \$500 excess resources in January.

If the client pays \$500 on the medical bills and the last bill paid was incurred Feb 18, medical eligibility would begin Feb 1.

The client must pay the amount of the excess resources from January even though s/he is below resources in April.

Procedures:

1. Calculate the amount of excess resources in either the month of application or in a prior month if the client is below the resource limit in the month of application and there are outstanding medical bills.
2. Verify the dates and amounts of outstanding medical bills incurred within three months prior to the month of request for assistance.
3. Assist the client in identifying out-of-pocket medical costs which are to be paid by resource spenddown. If there is Medicare or private health insurance, you must have EOBs to determine out-of-pocket costs.
4. Obtain verification of paid medical bills used for resource spenddown. For any month there is Medicaid eligibility by payment of medical bills to reduce resources, there must be paid receipts for out-of-pocket medical expenses to verify the resource reduction.

5. If there is a monthly POS or Share of Cost, the amount of the resource reduction should be added to the POS or SOC amount.
 - a. If there is no POS or Share of Cost, proof of out-of-pocket payment on medical bills is all that is needed.
 - b. Example: Application for nursing home care made on 3/15 and resources are \$4,450 at the time of application. Medical is being requested effective 2/1 as there are unpaid out-of-pocket pharmacy bills totaling \$700. February's budget as a POS of \$400 to which you would add \$450 for the resource reduction. The total February POS would be \$850 and the notice would state that \$450 of the amount was to reduce resources.
 - c. If this is a Share of Cost case, the first items on the Share of Cost form would be medical items paid to reduce the resource.
6. On the Notice of Action, state the amount of bills paid by the client from excess resources that are included in the Share of Cost amount or POS amount.